

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 SCEM-02 TRSE-00

NEA-10 AF-10 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 SSO-00 NSCE-00 DRC-01 /178 W

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R 081544Z NOV 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 978

INFO USEC BRUSSELS 577

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

USOECN PARIS 1539

AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE STOCKHOLM 3970

E.O. 11652: N/A

TAGS: EPET, SW

SUBJECT: PETROLEUM SUPPLY SITUATION IN SWEDEN

REF: STOCKHOLM'S 3737

1. SWEDISH GOVERNMENT'S LOW-PROFILE ATTITUDE TOWARD MIDEAST
CRISIS EXTENDS TO PETROLEUM SUPPLY SITUATION. GOS SPOKESMEN
HAVE ANNOUNCED THAT WHILE EMERGENCY PLANS EXIST FOR OIL
CONSERVATION, CURRENT INVENTORIES ARE ADEQUATE AND NORMAL SHIP-
MENTS OF OIL TO SWEDEN ARE TAKING PLACE. IT WAS NOT UNTIL
NOVEMBER 7 THAT ECONOMIC DEFENSE BOARD ANNOUNCED VOLUNTARYDI
CAMPAIGN

TO CONSERVE ENERGY WOULD GO INTO EFFECT AT END
OF NOVEMBER. REPORTEDLY, PROGRAM WILL INCLUDE SUCH THINGS AS
LOWER INDOOR TEMPERATURES AND HIGHWAY SPEEDS, BUT NOT OIL
RATIONING OR BAN ON SUNDAY DRIVING.

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2. OIL INDUSTRY SOURCES CONFIRM THAT CURRENT SUPPLY PICTURE IN SWEDEN IS RELATIVELY GOOD, ALTHOUGH THEY WOULD HAVE PREFERRED THAT GOVERNMENT MAKE AN EARLIER START WITH VOLUNTARY CONSERVATION PROGRAM. OIL COMPANIES ARE REQUIRED BY LAW TO MAINTAIN 90-DAY RESERVE. HOWEVER, BECAUSE OF HEAVY CONSUMER BUYING IN ANTICIPATION OF HIGHER PRICES, COMPANIES HAVE BUILT UP RESERVE STOCKS EQUIVALENT TO NEARLY FOUR MONTHS' CONSUMPTION. COMPANIES ALSO HAVE "SWITCHING" POSSIBILITIES WITH EACH OTHER WHICH PROVIDE SOME FLEXIBILITY, FOR EXAMPLE WITH RESPECT TO ARAB BOYCOTT AGAINST CERTAIN COUNTRIES. IN THIS REGARD, HOWEVER, US FIRMS STRESS THAT THEY WILL NOT FAVOR US OVER THEIR REGULAR EUROPEAN CUSTOMERS.

3. SWEDES NOW IMPORT ABOUT 23 PERCENT OF THEIR FUEL OIL AND OTHER HEAVY INDUSTRIAL OILS FROM SOVIET UNION, BUT COMPANY SOURCES SAY THAT SOVIETS UNABLE SIGNIFICANTLY TO INCREASE CURRENT EXPORTS. THIRTY PERCENT OF OIL CONSUMED IN SWEDEN IS IMPORTED IN FORM OF CRUDE. SOME 45 PERCENT OF CRUDE IS SUPPLIED BY ARABS. HOWEVER, MOST OF SWEDEN'S REFINED PRODUCTS ARE SUPPLIED BY REFINERIES IN WESTERN EUROPE AND CUTBACKS IN SUPPLY OF ARAB CRUDE TO THOSE REFINERIES WILL EVENTUALLY BE FELT IN SWEDEN. WITH NO DOMESTIC COAL OR OIL PRODUCTION, SWEDEN REPORTEDLY HAS HIGHEST PER CAPITA CONSUMPTION OF OIL IN WORLD. THUS, ALTHOUGH SWEDEN'S SHORT-TERM SUPPLY SITUATION IS STRONGER THAN THAT OF ITS NEIGHBORS, IT WILL BE VERY VULNERABLE IN EVENT OF LONG-TERM REDUCTION IN SUPPLY OF ARAB OIL TO EUROPE.

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